



Innovation, Science and  
Economic Development Canada

Innovation, Sciences et  
Développement économique Canada

Canada

# ITB Policy

## 2020 Annual Report

Economic and Innovation  
Impact Analysis



# Context

- The Industrial and Technological Benefits (ITB) Policy\* leverages major defence and Coast Guard procurements to **create jobs, drive innovation** and **foster economic growth** in Canada
- **ISED publishes two reports each year** in an effort to be **transparent** about the **results and status of the ITB Policy**

## 1) *ITB Annual Report*

Highlights the economic and innovation impact of the ITB Policy

## 2) *Report on Contractor Progress*

Demonstrates contractors' progress in meeting their ITB obligations

\*ITB's predecessor, the Industrial and Regional Benefits (IRB) Policy, is included in the analysis on the ITB Policy.



# Presentation Overview



Economic Impact



Obligation Progress Report



Value Propositions



Commitments by Industry



Scaling Up SMBs\*



Academic R&D and Skills



Key Findings



Annex – Economic Impact Methodology Principles

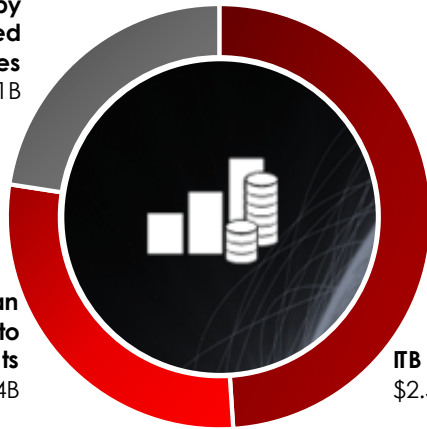


# The ITB Policy is estimated to contribute close to 46,000 jobs and more than \$5.0B to Canada's GDP annually

## GDP Economic Impact

Annual Average\*  
2014-2018

Consumer Spending by Associated Employees  
\$1.1B



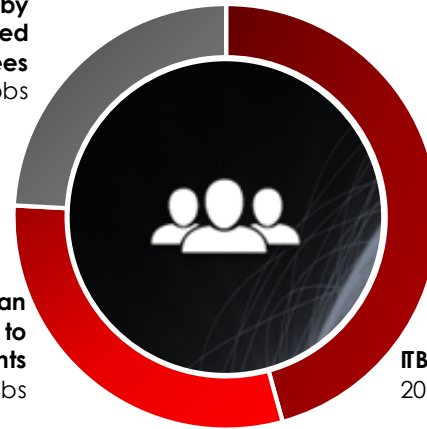
ITB Recipients  
\$2.5B

Value Chain Impact  
\$3.9B

## Jobs Economic Impact

Annual Average\*  
2014-2018

Consumer Spending by Associated Employees  
11,000 Jobs



Canadian Suppliers to ITB Recipients  
13,800 Jobs

ITB Recipients  
20,900 Jobs

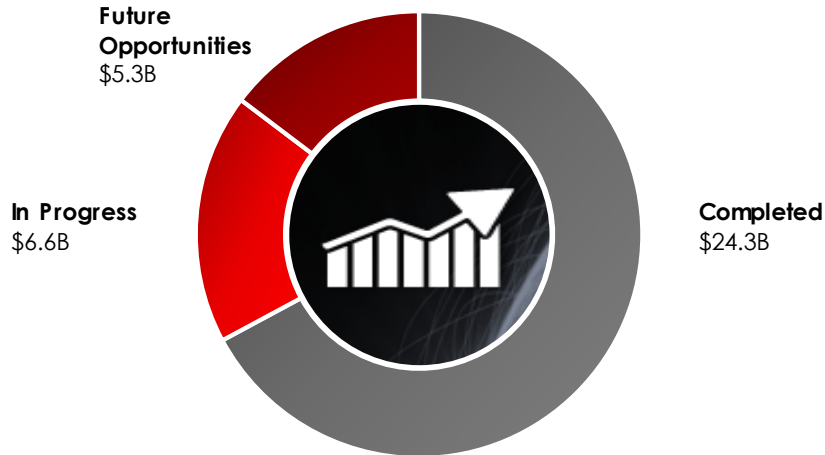
Value Chain Impact  
34,700 Jobs

Source: ISED economic modelling based on the ITB administrative database (IRB Policy (2014), ITB Policy (2014-2018)), 2020; Statistics Canada's Input-Output multiplier (2016), 2020; ITB investments are based on Canadian content value credited according to the ITB Policy before credit multipliers are applied.  
\*5-year annual average economic impact analysis based on latest ITB identified credits during the period of 2014-2018.



There are 101 active ITB projects resulting in ITB economic obligations of \$36B

## Current Economic Obligations\*



- **More than 600 Canadian organizations** are benefitting from active ITB projects
- There is **over \$5.3B of future opportunities** for Canadian companies to develop informed partnering strategies

Source: ITB administrative database (IRB Policy (2014), ITB Policy (2014-2018)), 2020; ITB investments are based on Canadian content value credited according to the ITB Policy before credit multipliers are applied.

\*Further details are available in the *Report on Contractor Progress* which can be found on ISSED's ITB website.



# 11 new projects were awarded in 2019, adding over \$2.3B in ITB economic obligations

## Awarded Contracts in 2019

*Resulted in significant commitments in:*

- **Defence Sector**
- **Supplier Development**
- **R&D**

*Included:*

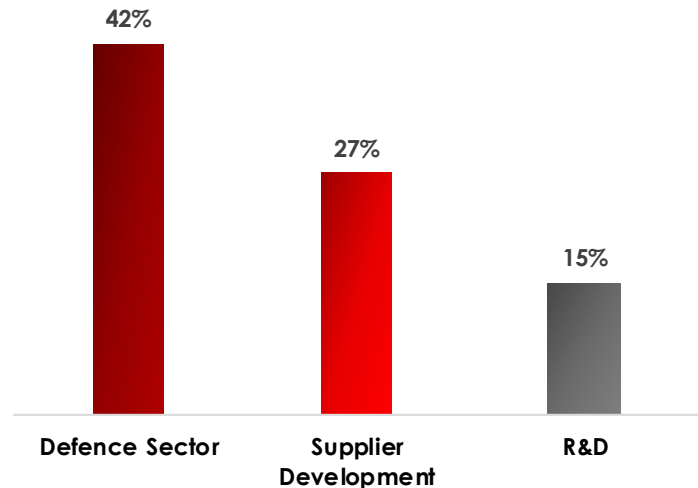
- **Export plans to attract global mandates**
- **Export opportunities for SMBs\***

*Introduced:*

- **Key Industrial Capabilities (KICs)**
- **Skills Development and Training**
- **Gender and Diversity Plans**

## Value Proposition Commitments Breakdown\*\*

2019 Awarded Contracts\*\*\*



Source: ITB administrative database (IRB Policy (2014), ITB Policy (2014-2030)), 2020; ITB investments are based on Canadian content value credited according to the ITB Policy before credit multipliers are applied.

\*Small and Medium-Sized Businesses (SMBs) are defined as firms with 249 or less employees.

\*\*Amounts can be used on multiple Value Propositions. The numbers presented in the above graph are not distinct to one Value Proposition.

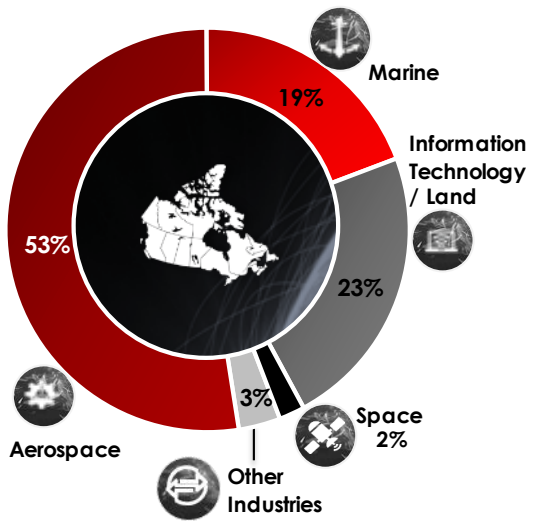
\*\*\*Breakdown reflects 2019 contracts where Value Propositions were applied.



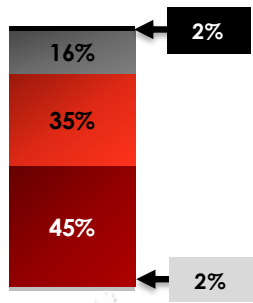
# ITB commitments align closely with regional industrial strengths

## Breakdown of ITB Commitments\* by Industry

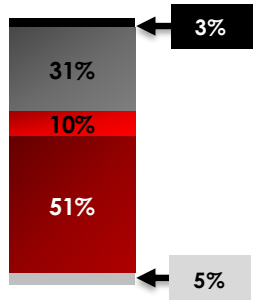
Active ITB Projects



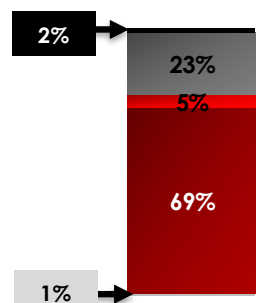
### WESTERN CANADA



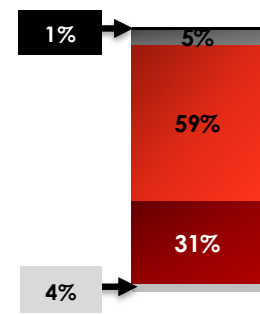
### ONTARIO



### QUEBEC



### ATLANTIC CANADA



Breakdown of Western Canada Commitments\*

Breakdown of Ontario Commitments\*

Breakdown of Quebec Commitments\*

Breakdown of Atlantic Canada Commitments\*

Source: ITB administrative database (IRB Policy (2014), ITB Policy (2014-2030)), 2020; ITB investments are based on Canadian content value credited according to the ITB Policy before credit multipliers are applied.

\*Breakdown based on 2014-2018 ITB credits and 2019-2030 ITB commitments. Amounts with unidentified sectors were excluded from the breakdown.



More than 400 SMBs\* are leveraging over \$3.4B of ITB commitments as a result of active contracts



Over 360 Canadian SMBs are scaling up through **supplier development**



Over 220 Canadian SMBs are supplying **goods and services directly related to the procurements**



Over 25 Canadian SMBs are **innovative** as a result of ITB investments with a focus on collaborative practices

### ITB SMB Innovation Activity Breakdown\*\*

Active ITB Projects



Source: ITB administrative database (IRB Policy (2014), ITB Policy (2014-2030)), 2020; ITB investments are based on Canadian content value credited according to the ITB Policy before credit multipliers are applied.

\*Small and Medium-Sized Businesses (SMBs) are defined as firms with 249 or less employees.

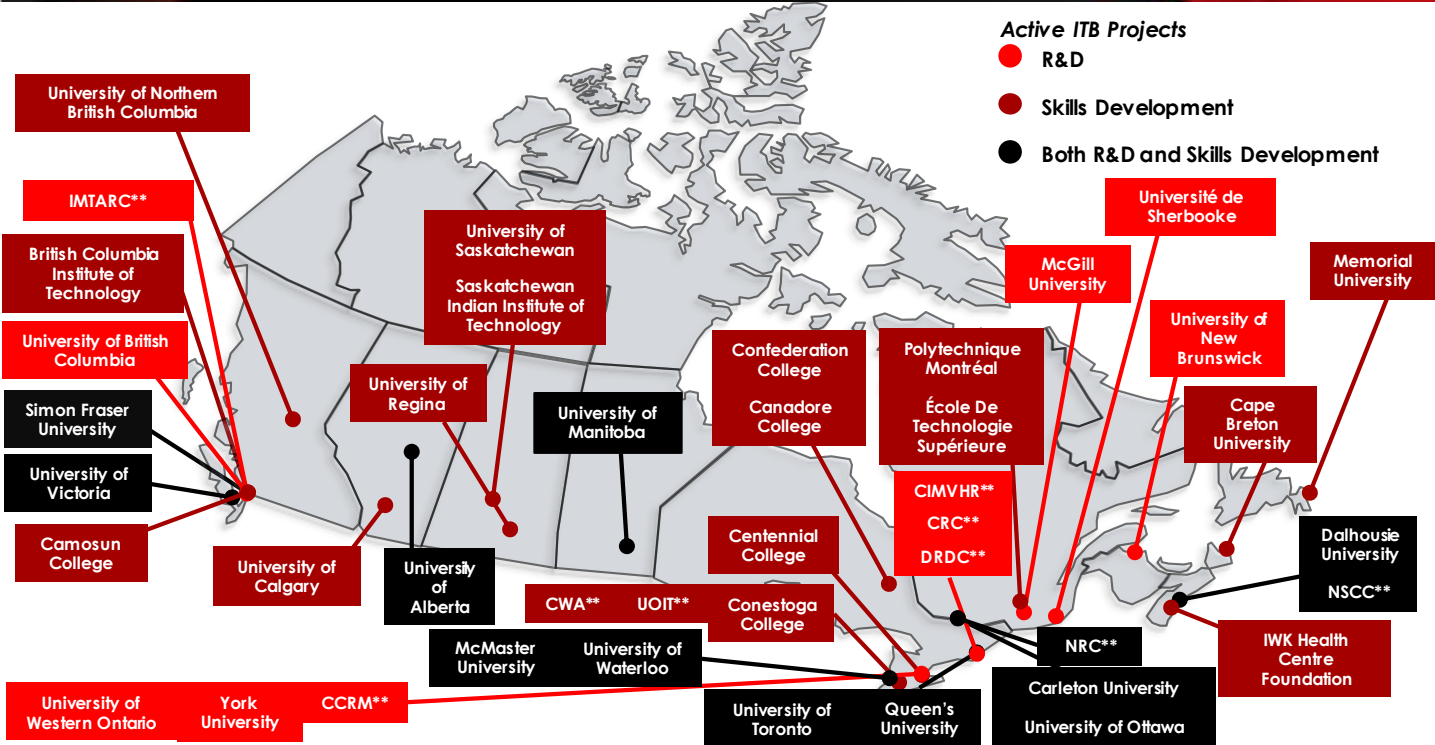
\*\*Breakdown based on 2014-2018 ITB credits and 2019-2030 ITB commitments.

\*\*\*R&D Networks based on IRB Consortium and Post Secondary activity. R&D Investments from prime contractors and tier 1 suppliers based on IRB Investment Framework activity.





# Over 40 academic and research organizations are benefitting from innovation and skills commitments\*



Source: ITB administrative database (IRB Policy (2014), ITB Policy (2014-2030)), 2020; ITB investments are based on Canadian content value credited according to the ITB Policy before credit multipliers are applied.

\*Academic and research organizations benefitting from 2014-2018 ITB credits and 2019-2030 ITB commitments.

\*\*CCRM: Centre for Commercialization of Regenerative Medicine; CIMVHR: Canadian Institute for Military and Veteran Health Research; CRC: Communications Research Center; CWA: Canadian Welding Association Foundation; DRDC: Defence Research and Development Canada; IMTARC: Industrial Marine Training and Applied Research Centre; NRC: National Research Council; NSCC: Nova Scotia Community College; UOIT: University of Ontario Institute of Technology



# In conclusion, the ITB Policy is creating jobs, driving innovation and fostering economic growth in Canada



Jobs: **46,000 jobs\***



Future Opportunities: **\$5.3B**



Supplier Development: **+400 SMBs\*\***



Innovation and Skills : **+ 40 research organizations\*\*\***



Exports: **attracting global mandates + opportunities for SMBs**



New Features:

- **Key Industrial Capabilities (KICs)**
- **Skills Development and Training**
- **Gender and Diversity Plans**

\*5-year annual average jobs economic impact analysis based on latest ITB identified credits during the period of 2014-2018.

\*\*Small and Medium-Sized Businesses (SMBs) are defined as firms with 249 or less employees.

\*\*\*Academic and research organizations benefiting from 2014-2018 ITB credits and 2019-2030 ITB commitments.



# Annex: Economic Impact Methodology Principles

- Methodology concepts are informed by subject matter experts from the Organization for Economic Co-Operation and Development and Statistics Canada.
- Foundation data is based on ITB credits and commitments over the period of 2014-2030 as specified on each slide.
  - Annual average economic impact analysis is based on the ITB credits over the period of 2014-2018, with adjustments reflecting the intangible investments and ITB Policy credit multipliers to evaluate the job and GDP impacts.
- Economic model is based on Statistics Canada Input-Output (I/O) multipliers.
  - Each ITB activity has been linked to the latest (2016) and most relevant economic impact multiplier.
    - All values have been adjusted for inflation based on the Consumer Price Index (CPI) as well as the Bank of Canada's target CPI of 2% and are expressed in 2016 dollars.
  - I/O multipliers have been adjusted to reflect the ITB 100% Canadian content requirement wherever applicable.
  - Job and GDP impact is reported on an annual average basis.
  - Job impacts are measured in terms of full-time equivalent (FTE) employment.
    - Jobs cannot be additive as they are maintained for an extended period after creation.
  - Total economic impact includes the activity that occurs within ITB recipients, Canadian value chain, as well as consumer spending by associated employees across the Canadian economy.
  - All project analysis are based on credits and commitments to date.
  - Economic impact estimates are reported at the national level and cannot be broken down at the regional level.
  - All totals are in Canadian dollars. Foreign currency amounts were converted to Canadian dollars using the Bank of Canada's annual average exchange rate for 2019.

Canada 